

PUBLIC CHAPTER NO. 464

SENATE BILL NO. 55

By Raymond Finney, Crowe

Substituted for: House Bill No. 1276

**By Lynn, Maggart, West, Gresham, Hensley, Niceley, Dunn, Hill, DuBois,
Eldridge, Mumpower, Harry Brooks, Miller, Coleman, Casada, McDaniel,
Fitzhugh**

AN ACT to amend Tennessee Code Annotated, Title 4, Chapter 5, relative to the
Regulatory Flexibility Act.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF
TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 4-5-102 is amended
by adding the following new item thereto:

() "Small business" means a business entity, including its
affiliates, that employs fifty (50) or fewer full-time employees;

SECTION 2. Tennessee Code Annotated, Title 4, Chapter 5, is amended
by adding Sections 3 through 6 of this act as new Part 4.

SECTION 3. This part shall be known and may be cited as the
"Regulatory Flexibility Act of 2007".

SECTION 4. (a) Prior to initiating the rule making process as described in
§ 4-5-202(a)(3) and § 4-5-202(a), all agencies shall conduct a review of
whether a proposed rule or rule affects small businesses.

(b) Each agency shall, after the effective date of this act, employ a
regulatory flexibility analysis utilizing regulatory methods that accomplish
the objectives of applicable statutes while minimizing any adverse impact
on small business. The agency shall consider, without limitation, each of
the following methods of reducing the impact of the proposed rule on
small businesses while remaining consistent with health, safety, and well-
being:

(1) The extent to which the rule or rule may overlap,
duplicate, or conflict with other federal, state, and local
governmental rules;

(2) Clarity, conciseness, and lack of ambiguity in the rule or
rule;

(3) The establishment of flexible compliance and/or reporting requirements for small businesses;

(4) The establishment of friendly schedules or deadlines for compliance and/or reporting requirements for small businesses;

(5) The consolidation or simplification of compliance or reporting requirements for small businesses;

(6) The establishment of performance standards for small businesses as opposed to design or operational standards required in the proposed rule; and

(7) The unnecessary creation of entry barriers or other effects that stifle entrepreneurial activity, curb innovation, or increase costs.

SECTION 5. As part of the rule making process for any proposed rule that may have an impact on small businesses, each agency shall prepare an economic impact statement as an addendum for each rule that is deemed to affect small businesses, which shall be published in the Tennessee Administrative Register, filed with the secretary of state and made available to all interested parties, including the secretary of state, attorney general and the House and Senate Government Operations committees, and as described for rules in Part 2 of this chapter. Such statement shall include the following:

(1) The type or types of small business and an identification and estimate of the number of small businesses subject to the proposed rule that would bear the cost of, and/or directly benefit from the proposed rule;

(2) The projected reporting, recordkeeping and other administrative costs required for compliance with the proposed rule, including the type of professional skills necessary for preparation of the report or record;

(3) A statement of the probable effect on impacted small businesses and consumers;

(4) A description of any less burdensome, less intrusive or less costly alternative methods of achieving the purpose and/or objectives of the proposed rule that may exist, and to what extent, such alternative means might be less burdensome to small business;

(5) A comparison of the proposed rule with any federal or state counterparts; and

(6) Analysis of the effect of the possible exemption of small businesses from all or any part of the requirements contained in the proposed rule.

SECTION 6. This part shall not apply to rules that are adopted on an emergency or public necessity basis under Title 4, Chapter 5, Part 2, that are federally mandated, or that substantially codify existing state or federal law.

SECTION 7. This act shall take effect upon becoming a law, the public welfare requiring it.

PASSED: June 6, 2007



RON RAMSEY
SPEAKER OF THE SENATE



JIMMY NAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES

APPROVED this 21st day of June 2007



PHIL BREDESEN, GOVERNOR